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Attachment A

PROPOSALS TO SIMPLIFY FPA PROCEDURES1. Charge Selected Classes of Property Items to Cost Upon Acquisition.

At present all property acquired is carried in the "property on hand" inventory accounts pending issuance, and non-expendable property is carried in the "property in use" inventory accounts after issuance. In order to simplify the FPA procedures, it is recommended that selected classes of property be charged directly to cost upon acquisition rather than be recorded in financial records as property on hand or in use. The specific classes of property to be charged directly to cost should be determined based upon a coordinated review by representatives of the Office of Logistics and the Office of the Comptroller. Examples of property which could be so handled might include (a) household furnishings other than furniture and major items of equipment, (b) hand tools, (c) cleaning supplies such as brooms, mops, etc., (d) gasoline, oil and lubricants acquired for motor pool activities, (e) printed forms and stationery acquired for administrative use, and (f) repair parts and maintenance supplies. Adoption of this proposal would very substantially reduce the workload involved in maintenance of the FPA procedures without materially affecting their overall objectives and would also result in the simplification of the property authorization control procedures. Also, under this proposal the Logistics Office could continue to require accountable officers to maintain stock record cards showing quantities of the subject property items for inventory purposes.

2. Limit Application of FPA Procedures to Property Accountability Items.

The [] Station at present is including numerous types of property under FPA procedures which are not intended to be covered; e.g., periodicals, reference books, etc. It is recommended that the intended scope of FPA procedures be clarified by a more specific definition in the Handbook.

3. Eliminate Mills from Fixed Unit Prices.

It is recommended that mills be dropped from all fixed unit prices to simplify procedures and eliminate "breakage" in balancing operations. This will require modification of current Logistics regulations.

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4. Limit Price Adjustments to Substantial Changes.

Discontinue the present practice of requiring fixed unit price adjustments for small changes in unit prices; e.g., adjustment should not be made unless the change would amount to 5 percent of the fixed unit price or \$50, whichever is less.

5. Establish Fixed Unit Prices Based Upon Local Acquisition Costs Where Applicable.

25X1A6a Since approximately 90 percent of property utilized at the [redacted] Station is procured locally, fixed unit prices based upon local procurement costs provide a more factual basis for maintaining FPA and property authorization control procedures. It is recommended, therefore, that regulatory issuances be clarified to permit the use of local procurement costs as a basis for establishing fixed unit prices. This proposal will simplify procedures by reducing the number of fixed unit price changes.

6. Issuance of All Household Furnishings to Housing Officer as Responsible Officer.

To simplify both Accountable Officer and FPA procedures, consider establishing the Housing Officer as the Responsible Officer for all household furnishings and provide that issuances to individuals or safe houses be covered by hand receipts held by this Responsible Officer. This would require segregating household equipment items in separate warehouse facilities under the control of the Housing Officer.

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will increase your work load, it is believed essential that this fact be declared. We would then support your position in light of your declaration.

4. These procedures per se are best discussed by technicians, which I certainly am not. From an over-all point of control they appear desirable. I take no position in urging you to accept or reject on the merits of the position. Our only concern has been to prevent committing you to assume more work until you have had a chance to talk to qualified technical people who will visit you.

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12 April 1956

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within limitations established.

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It is agreed that I will take with me to Washington for further study these certain statistics pertaining to the amount of property absorbed by operational projects, which can be a significant basis for a Headquarters review of the problem.

7. General

- a. Station officials, as indicated in reference (B) and a dispatch to Headquarters from the Chief of Station dated 18 April 1956 (██████-76935), have expressed basic objection to the necessity for maintaining detailed FPA and property authorization control procedures at the Station because of the heavy administrative workload required and, in their view, the lack of offsetting advantages to Station operations. From a long range viewpoint if a substantial reduction in the size of this Station becomes necessary, some other methods will be required to accomplish the objectives of these procedures, and the Station Deputy for Administration suggests that alternative procedures might well be considered.
- b. All personnel contacted at the Station were most helpful in providing information and assistance in my contacts with them. I was enabled to obtain first hand knowledge concerning Station operations affecting the FPA procedures and other financial and accounting matters which will be useful to me in dealing with field problems. I take this opportunity to express to you my appreciation for the excellent help furnished to me by Station personnel.

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